

September 5, 2006

Mr. Fareed Ferhut  
California Integrated Waste Management Board  
1001 I Street  
Sacramento, California

Dear Mr. Ferhut,

Thank you for the letter dated August 4, 2006. We appreciate the sincere feedback you have provided regarding our working group's proposal for an alternative benchmark for the EPP Standard for Printer and Duplication Cartridges.

Based on your letter, we understand your primary concerns with our proposal to be (1) Specificity of reporting; and (2) Threshold for acceptable recycling performance. We believe that these concerns suggest that we have an opportunity to move the standard development process forward at the upcoming stakeholder workshop.

With respect to specificity of reporting, we devoted a substantial amount of time to that topic at the December 12 workshop, as well as addressing it in prior correspondence. You have stated that California and SKU specific reporting is critical. We have responded that collecting data for California only would be impractical and cause a disproportionate burden, and that national data will provide a reasonable surrogate. We believe that, prior to submitting another proposed reporting scheme, it is important for our group to better understand the objectives that need to be met for the EPP standard.

Similarly, we observe that CIWMB has proposed some recycling performance criteria, and industry has proposed alternatives. What we feel is missing is a clear set of objectives for the EPP standard. For example, you have raised questions regarding recycling efficiency and collection rates. We can not respond effectively without understanding the waste diversion goals CIWMB is seeking to achieve. Also, it is unclear whether CIWMB's goal is to recognize superior performing products, or to drive incremental improvement across the industry.

Given the uncertainty about these fundamental aspects of establishing a standard, we respectfully suggest that we have a constructive dialogue at the scheduled workshop prior to continuing the process of exchanging written proposals. To that end, we will not submit a revised proposal by September 5<sup>th</sup>, but rather we will submit a proposal shortly after the workshop. We commit to investing time before the workshop in order to come well-prepared to discuss possible ways to address the issues you have raised.

We propose the following topics as agenda items for the September 21 workshop:

- Review CIWMB's environmental objectives for the EPP standard
- Review other critical standard parameters (e.g., tracking and reporting)
- Establish life cycle aspects to be addressed by the standard
- Develop alternatives for waste diversion monitoring and reporting
- Discuss relevance and possible application of CIWMB's list of eco-criteria

Once again, thank you for your feedback. We look forward to a productive meeting on the 21<sup>st</sup> of September.

Sincerely,  
EPP Industry Workgroup

M. Rufino for Canon U.S.A., Inc  
S. Canonico for Hewlett Packard, Inc.  
I. Sato for Sharp Electronics Corp.

S. Houston for Epson America, Inc.  
A. Logan for Lexmark International, Inc.  
A. Stocum for Xerox Corp.